

LABATON SUCHAROW LLP

Thomas A. Dubbs (*pro hac vice*)
Carol C. Villegas (*pro hac vice*)
Michael P. Canty (*pro hac vice*)
Thomas G. Hoffman, Jr. (*pro hac vice*)
140 Broadway
New York, New York 10005

LOWENSTEIN SANDLER LLP

Michael S. Etkin (*pro hac vice*)
Andrew Behlmann (*pro hac vice*)
Scott Cargill
Colleen Restel
One Lowenstein Drive
Roseland, New Jersey 07068

*Lead Counsel to Securities Lead Plaintiff and
the Class*

*Special Bankruptcy Counsel to Securities
Lead Plaintiff and the Class*

MICHELSON LAW GROUP

Randy Michelson (SBN 114095)
220 Montgomery Street, Suite 2100
San Francisco, California 94104

Local Bankruptcy Counsel to Securities Lead Plaintiff and the Class *Additional counsel listed on Exhibit A*

**UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION**

In re:

PG&E CORPORATION

- and -

PACIFIC GAS AND ELECTRIC
COMPANY,

Debtors.

- ☒ Affects Both Debtors
☐ Affects PG&E Corporation
☐ Affects Pacific Gas and Electric
Company

Case No. 19-30088 (DM) (Lead Case)

Chapter 11

Jointly Administered)

**SECURITIES LEAD PLAINTIFF'S
STATEMENT WITH RESPECT TO
REORGANIZED DEBTORS' TWENTY-
SIXTH SECURITIES CLAIMS OMNIBUS
OBJECTION (SECURITIES ADR NO
LIABILITY CLAIMS)**

Date: October 17, 2023
Time: 10:00 a.m. Pacific Time
Place: Tele/Videoconference Appearances
Only

Response Deadline: Oct. 3, 2023, 4:00 p.m. (PT)

1 Public Employees Retirement Association of New Mexico (“**Lead Plaintiff**”), the court-
2 appointed lead plaintiff in the securities class action captioned as *In re PG&E Corporation*
3 *Securities Litigation*, Case No. 18-03509 (the “**Securities Litigation**”), pending in the U.S.
4 District Court for the Northern District of California (the “**District Court**”), as lead plaintiff for
5 the proposed class it represents in the Securities Litigation (the “**Class**”) and as a creditor in the
6 Chapter 11 bankruptcy cases (the “**Chapter 11 Cases**”) of the above-captioned reorganized
7 debtors (the “**Reorganized Debtors**”), together with York County on behalf of the County of
8 York Retirement Fund, City of Warren Police and Fire Retirement System, and Mid-Jersey
9 Trucking Industry & Local No. 701 Pension Fund (together with Securities Lead Plaintiff,
10 “**Securities Plaintiffs**”), submits this statement (the “**Statement**”) regarding the *Reorganized*
11 *Debtors’ Twenty-Sixth Securities Claims Omnibus Objection (Securities ADR No Liability*
12 *Claims)* (the “**Omnibus Objection**”) [ECF No. 14001] and respectfully states as follows:

13 **RESPONSE**

14 1. Although Lead Plaintiff’s individual claims are not subject to the Omnibus
15 Objection, Lead Plaintiff is concerned that the relief requested through the Omnibus Objection is
16 inappropriate and inconsistent with this Court’s recent decision, on September 12, 2023, to grant
17 relief pursuant to Lead Plaintiff’s *Motion for the Application of Bankruptcy Rule 7023 and the*
18 *Certification of a Class of Securities Claimants* [ECF No. 13865] (the “**Rule 7023 Motion**”).

19 2. The Omnibus Objection alleges that the holders of 235 securities claims did not
20 respond to settlement offers made to them by the Reorganized Debtors. There are a number of
21 legitimate reasons why a claimant did not respond to an “offer” by the Reorganized Debtors, but
22 rather than deeming those securities claimants simply to have rejected the Reorganized Debtors’
23 settlement offers, the Omnibus Objection proposes to summarily disallow and expunge their
24 claims, irrespective of the merits. Putting aside whether a failure to respond to a settlement offer
25 is a proper basis for disallowance of prima facie valid claims, the relief requested in the Omnibus
26 Objection is generally in conflict with the relief this Court granted in connection with the Rule
27
28

1 7023 Motion and the potential certification of a class of securities claimants which will include
2 these that are subject to the Omnibus Objection.¹

3 3. The Omnibus Objection seeks the disallowance of 235 claims with an average
4 asserted claim value of approximately \$62,374.² Approximately 86% of the claims the
5 Reorganized Debtors seek to have expunged through the Omnibus Objection appear to be held
6 by individuals, trusts, and individual retirement accounts. The Court's decision to grant the Rule
7 7023 Motion was driven in part by concern that collective representation of individual securities
8 claimants—particularly small, individual claimants who would benefit from the efficiency of a
9 class mechanism—would assist in the efficient resolution of the thousands of pending claims.³

10 4. While Lead Plaintiff agrees that the Securities ADR Procedures should work in
11 tandem with the pending certification of a class, the Omnibus Objection goes further by
12 specifically targeting claims of predominantly small investors for simply not responding to a
13 settlement offer. Permitting an objection on such grounds would be contrary to the relief just
14 granted by the Court in the Rule 7023 Motion and is highly prejudicial to the rights of individual
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16

17 ¹ This is not the first time the Reorganized Debtors have sought disallowance of securities
18 claims on this basis (which relief was previously granted). Lead Plaintiff did not object to
19 this relief previously, because the Court had previously denied Lead Plaintiff's request to act
20 on behalf of the Class. However, now that the Court has applied Bankruptcy Rule 7023 to
21 the pending securities claims, Lead Plaintiff's intervention in this matter on the limited basis
22 set forth herein is appropriate and warranted.

23 ² Some of the claims subject to the Omnibus Objection were filed in unliquidated amounts.
24 The average above reflects the total liquidated amount asserted in the claims subject to the
25 Omnibus Objection divided by the number of claims (\$14,657,942.08 / 235).

26 ³ A similar situation has arisen which was raised by certain securities claimants directly with
27 the Court in connection with confusion regarding the interplay between the *Order*
28 *Authorizing Amendment and Objection Procedures for Securities Claimants*, entered on July
29 28, 2023 [ECF No. 13934] (the "**Securities Procedures Amendment Order**") and the
30 Court's oral ruling on the Rule 7023 Motion. As we advised the Court in our email to
31 chambers on September 29, 2023, numerous other securities claimants have raised similar
32 concerns especially regarding whether securities claimants who did not sign on to the
33 Securities Procedures Amendment Order are nevertheless required to file either amended
34 proofs of claim akin to a separate complaint or to formally adopt PERA's complaint in order
35 to maintain their claims in the Chapter 11 Cases by October 13, 2023. Rather than risk the
36 same fate as those claimants who are the subject of the Omnibus Objection, we respectfully
37 ask the Court to consider providing that, where a securities claimant does not file its own
38 complaint, it shall be deemed to have adopted PERA's complaint without formally filing
39 anything additional to that effect.

1 securities claimants who are beneficiaries of potential common representation to protect their
2 rights.

3 WHEREFORE, Lead Plaintiff respectfully requests that the Court deny the Omnibus
4 Objection and grant such further and other relief as is just and proper.

5 Dated: October 3, 2023

Respectfully submitted,

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7 **LOWENSTEIN SANDLER LLP**
8 **MICHELSON LAW GROUP**

9 By: /s/ Randy Michelson

Randy Michelson (SBN 114095)

10 *Bankruptcy Counsel to Lead Plaintiff and the Class*
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EXHIBIT A
COUNSEL

LABATON SUCHAROW LLP

Thomas A. Dubbs
Carol C. Villegas
Jeffrey A. Dubbin (SBN 287199)
140 Broadway
New York, New York 10005
Telephone 212-907-0700
tdubbs@labaton.com
cvillegas@labaton.com
jdubbin@labaton.com

*Lead Counsel to Lead Plaintiff and the
Proposed Class*

MICHELSON LAW GROUP

Randy Michelson, Esq. (SBN 114095)
220 Montgomery Street, Suite 2100
San Francisco, CA 94104
Telephone 415-512-8600
Facsimile 415-512-8601
randy.michelson@michelsonlawgroup.com

*Local Bankruptcy Counsel to Lead Plaintiff
and the Proposed Class*

**ROBBINS GELLER RUDMAN & DOWD
LLP**

Darren J. Robbins (SBN 168593)
Brian E. Cochran (SBN 286202)
655 West Broadway, Suite 1900
San Diego, California 92101
Telephone 619-231-1058
darrenr@rgrdlaw.com
bcochran@rgrdlaw.com

**VANOVERBEKE, MICHAUD &
TIMMONY, P.C.**

Thomas C. Michaud
79 Alfred Street
Detroit, Michigan 48201
Telephone 313-578-1200
tmichaud@vmtlaw.com

LOWENSTEIN SANDLER LLP

Michael S. Etkin (*pro hac vice*)
Andrew Behlmann (*pro hac vice*)
Scott Cargill
Colleen Restel
One Lowenstein Drive
Roseland, New Jersey 07068
Telephone 973-597-2500
Facsimile 973-597-2333
metkin@lowenstein.com
abehlmann@lowenstein.com

*Special Bankruptcy Counsel to Lead Plaintiff
and the Proposed Class*

**WAGSTAFFE, VON LOEWENFELDT,
BUSCH & RADWICK, LLP**

James M. Wagstaffe (SBN 95535)
Frank Busch (SBN 258288)
100 Pine Street, Suite 725
San Francisco, California 94111
Telephone 415-357-8900
wagstaffe@wvbrlaw.com
busch@wvbrlaw.com

Liaison Counsel for the Proposed Class

**ROBBINS GELLER RUDMAN & DOWD
LLP**

Willow E. Radcliffe (SBN 200089)
Kenneth J. Black (SBN 291871)
Post Montgomery Center
One Montgomery Street, Suite 1800
San Francisco, California 94104
Telephone 415-288-4545
willowr@rgrdlaw.com
kennyb@rgrdlaw.com

Additional Counsel for the Securities Act Plaintiffs